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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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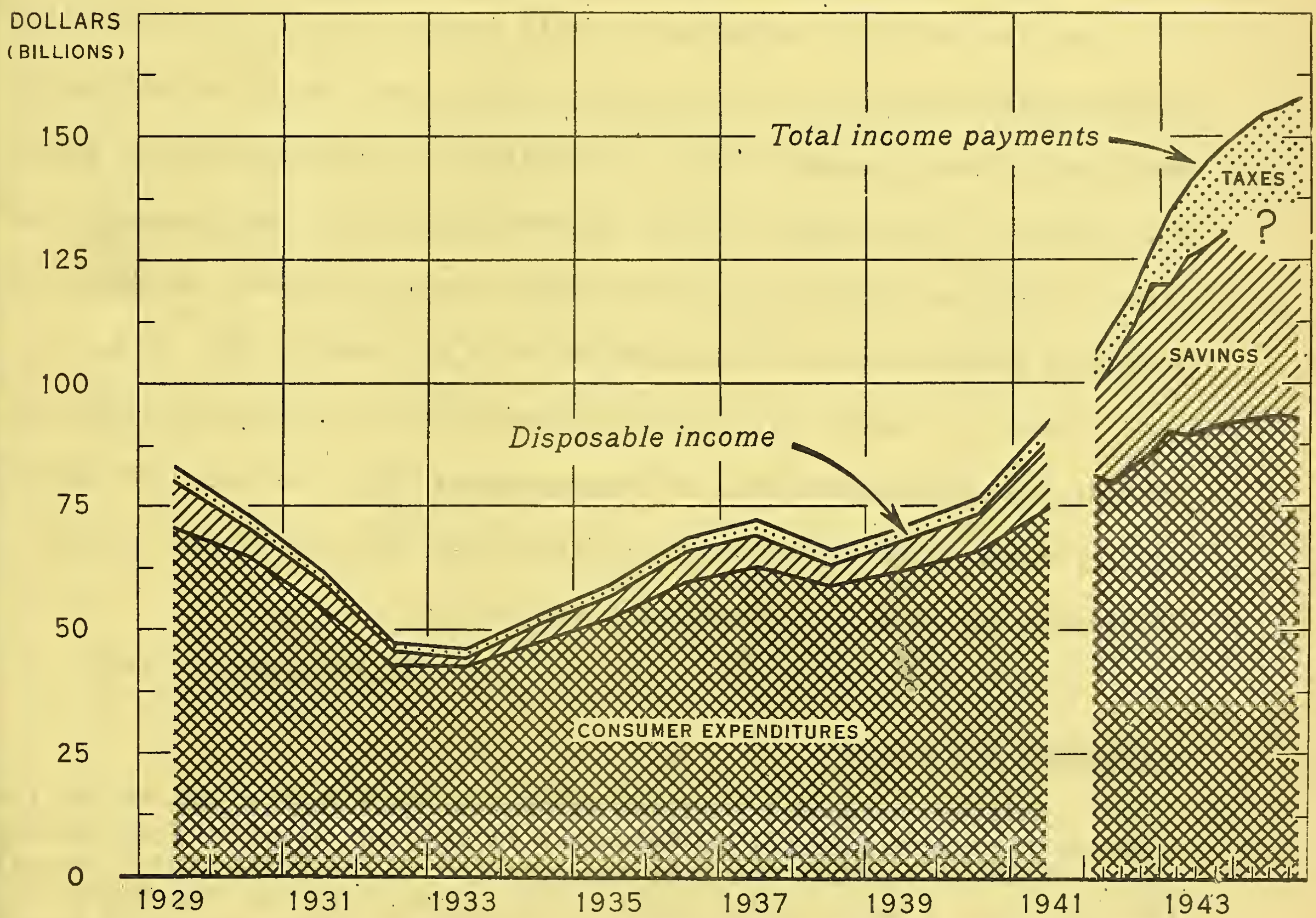
CONSUMER EXPENDITURES, SAVINGS, AND TAXES, UNITED STATES, 1929-44



BASED ON DATA FROM DEPT. OF COMMERCE; 1943 AND 1944 ESTIMATED

U. S. DEPARTMENT OF AGRICULTURE NEG. 43327 BUREAU OF AGRICULTURAL ECONOMICS

Total income payments in 1943 are forecast as 142 billion dollars, twice as much as in 1939. According to Treasury Department estimates, the total next year may be 10 percent larger than this. If consumer expenditures are increased only slightly, as now expected, an additional 12 or 13 billion dollars will be available for savings and taxes.

SUMMARY

Although civilian employment is declining, consumer incomes continue to increase. The Department of Commerce estimates that national income payments this year will be twice as large as in 1939.

Consumer expenditures for all goods and services are estimated at 90.6 billion dollars in 1943. Of this amount, food and beverages are expected to account for 32.2 billion, equal to 22.7 percent of total consumer income. This is the smallest percentage on record.

As part of the program for economic stabilization, the Treasury has submitted to Congress a new tax program calling for 6.9 billion dollars in additional direct personal taxes, 2.5 billions in additional excise taxes, and 1.1 billion in additional taxes on corporation incomes. Even though an additional 7 billion dollars in personal taxes should be raised, the disposable income of consumers in 1944 would be at least as large as this year.

Cash farm income in the first 8 months of 1943 amounted to 11.6 billion dollars, 30 percent more than in January-August 1942. Returns from crops were up 37 percent while returns from livestock were up about 30 percent and Government payments were practically the same.

-- October 18, 1943

Employment and Income

Civilian employment declined moderately from July to August and then dropped sharply from August to September as students withdrew from summer jobs. The number of employees in nonagricultural establishments in August 1943 was about a half million smaller than a year earlier. The Bureau of the Census in its latest report on the labor force gave unemployment in September as 800,000 persons, the lowest since this series was started in 1940 and lower than many estimates of the minimum level for unemployment.

In spite of declining civilian employment, both wage and salary payments and total nonagricultural income payments continued to advance in August. According to Department of Commerce estimates, consumer income in

1943 will total 142 billion dollars, twice as much as in 1939. For 1944, the Treasury Department has forecast 157 billion dollars in consumer income.

Consumer Expenditures

Consumer expenditures in 1943 are now estimated by the Department of Commerce at 90.6 billion dollars, 10 percent more than last year. Expenditures for food and beverages are expected to total about 32.2 billion, 17 percent more than in 1942.

Relative to total income received, consumer expenditures for food and beverages will be smaller this year than for any previous year on record, about 22.7 percent as compared with 23.9 percent in 1942 and 25.6 percent in 1939.

Taxes and Savings

On October 4, the Secretary of the Treasury submitted to the House Ways and Means Committee a statement outlining a program to increase Federal revenue collections approximately 10.5 billion dollars for a full year of operation. Of this amount, 6.5 billion dollars would come from individual income taxes and 0.4 billion from estate and gift taxes. Excise taxes would furnish 2.5 billion dollars and corporation income taxes more than 1.1 billion.

The increase in direct personal taxes to the Federal Government called for by the Treasury proposal is more than all direct personal taxes paid to Federal, State, and local governments in 1942. The Department of Commerce has estimated direct personal tax payments as follows:

January-June 1942	4.1 billion dollars
July-December 1942	2.5 " "
January-June 1943	7.5 " "
Calendar year 1943	16 " "

Thus, by subtraction (16 minus 7-1/2), it appears that direct personal taxes in the second half of 1943 will be about 8-1/2 billion dollars.

The Treasury Department has estimated that direct personal taxes in the current fiscal year will amount to 21 billion dollars at present rates. Subtracting about 8-1/2 billion dollars for the period July-December 1943 would leave about 12-1/2 billion for January-June 1944. This is 5 billion dollars more than was paid in January-June 1943. Assuming that personal tax payments in July-December 1944, under present rates, would be the same as in the second half of 1943, total payments in 1944 would be approximately 21 billion dollars with present rates and 28 billion with the proposed program. Of the 28 billion dollars Federal individual income taxes would provide approximately 25 billion -- practically 20 times the collections in fiscal year 1938, the highest for any pre-war year.

The Treasury proposal also includes the repeal of the Victory Tax, thus simplifying the tax forms and collection procedures but relieving about

9 million tax payers of direct taxes on income. Should an additional 7 billion dollars in personal taxes be raised -- through the Treasury program or some other program -- the aggregate disposable income of consumers in 1944 probably would be as large as in 1943 or larger. Deducting 28 billion dollars in direct personal taxes from the Treasury estimate of 157 billion for national income payments in 1944 leaves 129 billion dollars of disposable income. This compares with about 126 billion dollars in 1943.

Under the stimulus of the Third War Loan drive, funds received from sales of Series E savings bonds more than doubled from August to September, 661 million dollars to 1,400 million. Funds from sales of Series F and G combined rose from 140 million dollars to 526 million. In April 1943, the month of the Second War Loan, 1,007 million dollars were received from sales of Series E bonds.

<u>Wholesale Prices and Cost of Living</u>

The over-all index of wholesale prices has been practically unchanged since July. The trend in prices of all commodities other than farm products and food has been slightly upward for the past 12 months, but the effect on the over-all index of the rise in such prices has been offset in recent months by lower prices for farm and food commodities. The decline in prices of farm and food products has been partly seasonal in nature and partly the result of roll-backs in ceiling prices. Prices of live hogs were placed under ceilings on October 4 at levels lower than had prevailed for several weeks, and apple prices were placed under ceilings effective October 7.

The Bureau of Labor Statistics cost-of-living index declined further in August. The drop since May has been partly seasonal in character, and seasonally rising prices for eggs, fruits, and vegetables may soon cause an upturn in the index. September data for the BLS index are not available, but the cost-of-living index compiled by the National Industrial Conference Board rose slightly from August to September.

FARM INCOME AND PRICES

The index of prices received by farmers was unchanged from mid-August to mid-September. Changes in market prices indicate that the index in October may be slightly lower.

Cash income from farm marketings for the first 8 months in 1943 amounted to 11,119 million dollars compared with 8,415 million dollars for the same period last year. Income from crops increased 37 percent over 1942 while income from livestock was up 30 percent. Government payments were 496 million dollars for the 8-month period this year as compared with 484 million dollars in 1942.

The income of 1,772 million dollars for August was about 15 percent above the 1,544 million dollars for July. The decline in receipts from livestock was not as great as usual, and the increase in income from crops was about 7 percent larger than ordinarily occurs. Government payments were more than double the amount received in July.

Income from meat animals for August was about 4 percent higher than for July after seasonal adjustment. The volume of marketings of all classes of meat animals except hogs rose sharply from July to August. Hog prices rose slightly while the prices of other livestock fell off.

Income from dairy production dropped 3 percent from July to August after seasonal adjustment, largely as the result of a larger than usual drop in milk production. The volume of whole milk and farm-separated butterfat was down and prices were slightly higher.

The income from poultry and eggs was down about 5 percent, a drop not quite as great as usual. Slightly increased sales of chickens at about the same prices resulted in an increase in the adjusted income of 9 percent. A pronounced drop in the quantity of eggs sold, with a 7 percent increase in price, brought about an adjusted income only 2 percent less than in July. Substantial increases in receipts from all classes of crops except vegetables contributed greatly to the relatively large cash income.

The ceiling price of $14.75 per hundredweight on all grades and weights of hogs, effective on October 4, brought a drop of about 35 cents in average hog prices. Receipts fell off and at most markets all grades of hogs sold at ceiling prices for about a week. Receipts in the latter part of October are running higher than a year earlier and prices are below ceiling levels.

Ceiling prices on apples became effective on October 7. Very little change took place on the market because there was no great difference between prevailing prices and ceiling prices. Provisions have been made for ceiling prices to increase as the marketing season advances in order to offset holding costs.

Vegetable growers in winter season areas are increasing their acreages of some of the important truck crops, reflecting relatively high price levels.

COTTON

The carry-over of cotton in this country on August 1 was 10,657,000 running bales compared with 10,640,000 bales a year earlier. The carry-over of American cotton increased from 10,505,000 bales in 1942 to 10,569,000 bales in 1943 while foreign cotton declined from 135,000 bales to 88,000 bales. Production (in-season ginnings plus city crop adjustment) is currently estimated at about 11,250,000 running bales, giving a total 1943-44 supply of American cotton of about 21.8 million bales or 1.3 million less than in 1942-43 and the smallest domestic supply of American cotton since 1936.

Disappearance this season is also expected to be less than last season's total of 12.6 million bales. If mill activity fully recovers from the summer slump which carried cotton consumption down to 38,850 bales per working day in August, total consumption this season may be as much as 10.3 million bales. This would be a substantially smaller total consumption than the 11.1 million bales consumed in 1942-43 and the 11.2 million consumed in 1941-42 but it nevertheless would be much above any pre-war level. With consumption totaling about 10.3 million bales, the domestic disappearance of American cotton this season might be about 11.8 million bales and the end-of-season carry-over of American cotton about 10.0 million bales, the smallest since 1937.

WHEAT

Market prices of wheat on October 18 were up generally 6 to 8 cents compared with a month earlier. Prices at Kansas City and Minneapolis were up 7 and 8 cents, respectively, and at St. Louis 6 cents; prices at Portland, however, were up only 2 cents. Market prices were above the loan as follows: At Minneapolis and Portland 9 cents, at Kansas City 17 cents, and at St. Louis 38 cents.

The loan program continues to exert a supporting price influence, but early season prices were above the loan levels because of relatively small market receipts to meet increased demands. There appears to be a general reluctance on the part of growers to sell wheat. This may stem from such factors as: (1) the growers' opinion that there is a good chance prices may rise later, plus the opportunity to put wheat under loan any time up to the last of December if the outlook should change in the meantime; (2) dry conditions for winter wheat, especially in Nebraska, western Kansas, western Oklahoma, and northwestern Texas; (3) probably some tendency to put off taking profits until after the time of filing income tax returns the last of the year. Following the suspension of trading in Winnipeg on September 28, prices advanced 2 to 3 cents, reflecting increased buying of both the cash grain and futures. The suspension of trading in Winnipeg leaves the exchanges dealing in wheat futures in the United States as the only ones in the world still open. Wheat reported under loan up to October 16 totaled 94 million bushels this year compared with 241 million for the same date a year ago. About 20 million bushels of wheat for feed were imported from Canada by the Commodity Credit Corporation in the July-September period, and negotiations are under way for about 2 million bushels from Argentina.

Market strength at St. Louis continues to reflect the short supplies of soft red winter wheat, and at Kansas City to reflect small market receipts in the face of active demand by alcohol distillers, who appear to prefer hard winter to hard spring wheat. The wheat price is now 19 cents above the wheat price equivalent of the flour ceiling at Kansas City and St. Louis, and 9 cents above at Portland and Minneapolis.

FATS, OILS, AND OILSEEDS

Total production of fats and oils from domestic materials in 1943-44 is expected to be in the neighborhood of 11.5 billion pounds compared with 10.6 billion pounds in the previous year (nearly 11 billion pounds in calendar year 1943) and 9.5 billion pounds 2 years earlier. On the basis of October 1 indications, 1943 flaxseed production will be 51.5 million bushels compared with the 54.7 million bushels expected a month earlier. Minor reductions also occurred in the indicated 1943 production of soybeans, peanuts, and cottonseed. In terms of oil output these reductions amount to more than 100 million pounds -- about 1 percent of expected 1943-44 production of all fats.

Improvement in ocean shipping conditions may permit some increase in imports of oils and oil-bearing materials from South America, West Africa, the South Pacific, and Ceylon in 1944. On the other hand, exports of fats and oils

to our Allies and to European areas under Allied control also are likely to expand. Despite increased production in North America, world supplies of fats outside the Japanese-controlled area are still substantially under the pre-war level.

Under a recent Government order, the 1943 crop of soybeans may be crushed only by mills having contracts with Commodity Credit Corporation. Soybeans must be purchased at previously announced support prices. To protect crushers, the Corporation when requested will purchase oil and meal from contracting mills at prices slightly under ceilings.

Production of inedible tallow and greases may not be greatly different in 1944 than in 1943. The number of cattle slaughtered probably will be larger next year than this, but average weights are likely to be less. Hog slaughter will be very large next winter and spring. However, with a smaller spring pig crop expected, hog slaughter (and grease production) probably will be reduced beginning in the fall of 1944.

CORN AND OTHER FEEDS

Supplies of the four principal feed grains for the 1943-44 marketing year are expected to total about 133 million tons, 11 million tons less than the supply last season but 16 million tons more than the 5-year (1937-41) average. With improvement in prospect in September, the corn crop is now indicated to be in excess of 3 billion bushels and the third largest on record. The October 1 forecast of 3,055,605,000 bushels is 70 million bushels above the September 1 forecast and only 120 million bushels (4 percent) below the record crop of last year. Prospects for oats also improved in September, but the indicated production of barley and grain sorghums on October 1 was down slightly from a month earlier.

Supplies of high-protein feeds for 1943-44 are estimated at 11.4 million tons (oilmeal equivalent) compared with the estimate of 11.6 million tons a month ago and a supply of 11.2 million tons last season. The reduction from the September estimate resulted from lower indications for vegetable oilmeals. Production forecasts for cottonseed, soybeans, flaxseed, and peanuts were moderately lower on October 1 than on September 1.

Combined supplies of all feed concentrates, including feed wheat and rye, and millfeeds, total about 167 million tons for the 1943-44 marketing year compared with 173 million tons in 1942-43 and a 5-year average of 136 million tons. The livestock population is now about 10 percent larger than it was a year ago. Although the indicated supply of all feed concentrates per animal unit (on farms January 1) appears 12 percent smaller than the record supply in 1942-43 and 7 percent less than the 5-year average, the feed supply per head of livestock may be close to the amount fed per head in 1940, if more normal feeding methods are used and livestock production conforms to suggested 1944 goals.

October 1 reports indicate that tame hay yields are a little higher than expected a month ago and that some acreage of soybeans originally intended for beans is being diverted to hay. In the dry area from Maryland

to Oklahoma lespedeza hay yields are better than anticipated earlier. Total hay production is estimated at 97 million tons compared with 105 million tons last year. Pasture condition for the country as a whole on October 1 was 17 points under the very favorable condition a year earlier when it averaged 88 percent of normal.

Prices of oats and barley at terminal markets advanced more than 10 cents from late August to early October. Hay prices also advanced. The average farm price of corn was $1.09 per bushel in mid-September, the same as in mid-August. Prices of most other feeds remain at ceiling levels.

LIVESTOCK

Meat output in 1944 may be as large as in 1943 but the civilian share will be smaller. Hog slaughter in 1943-44 (year beginning October 1) is expected to exceed all previous records although average live weights may be less than in 1942-43. The spring pig crop in 1944 is expected to be less than this year because of the reduced feed supply per animal and the less favorable hog-corn price ratio this fall than last. In 1944-45 slaughter supplies of hogs probably will be reduced.

The outlook for cattle and lamb feeding in 1943-44 has improved slightly during the past month. During September prices of feeders and stockers at Kansas City showed a further decline of 40 to 50 cents and numbers of cattle and calves going to feed lots in the eight Corn Belt States were 3 percent above a year earlier. However, the movement to feed lots during the July to September quarter was 11 percent less than last year and it still appears that cattle feeding will be less than last year. The movement of sheep and lambs into Corn Belt feed lots during September was heavier than last year and movement since July was 3 percent above a year ago. However, the demand for feeder lambs in the irrigated sections and on wheat pasturage has been light. The total number of lambs fed in the 1943-44 feeding season is expected to be less than a year earlier.

Inspected cattle and calf slaughter increased more than seasonally during September and was practically as large as a year ago. Fed cattle prices have remained about constant in recent weeks but there was about a dollar decline in prices for lower grades because of the heavy run of grass-fed cattle.

The inspected slaughter of sheep and lambs during September was 10 percent above a year ago, and the largest for any month on record. The slaughter of older sheep is still heavy and accounts for most of the increase. In late September packers had difficulty in handling the large volume of receipts, causing a decline of 50 cents to a dollar on both lambs and ewes from a month earlier.

The price of barrows and gilts dropped 25 to 35 cents on October 4 when the ceiling on live hogs became effective. Receipts of hogs at the 12 markets for the week ended October 9 were one-third below the previous week, resulting in both sows and barrows and gilts being sold at ceiling prices at most of the major markets. Hog slaughter during September dropped below the August level and was only 3 percent above a year ago in federally inspected plants reporting for both years.

WOOL

Production of shorn and pulled wool in 1943 probably will be close to 445 million pounds compared with 459 million pounds a year earlier. Since April 25 the Commodity Credit Corporation has been, with certain exceptions, the sole purchaser of domestic wools. A total of 194 million pounds of domestic wool had been appraised for purchase by the Commodity Credit Corporation through October 16. A considerable quantity of wool was purchased by dealers and manufacturers before the Government program began. CCC stocks of grease wool are offered for sale to mills at appraised values based on ceiling prices, scoured basis. Sales have been relatively small so far. This is attributed in part to the large purchases made by dealers and mills prior to April 25 and to the recent deferment of deliveries of many Army fabrics until early 1944 at the request of the Quartermaster Corps. Because prices of domestic wools are high in relation to prices of similar foreign wools, Army orders which specify the use of domestic wool are the principal outlet for such wools at present.

Mill consumption of apparel wool on a greasy shorn and pulled basis totaled 661 million pounds in the first 7 months of 1943 compared with about 632 million pounds in the corresponding period last year. Weekly average consumption in July was 19.7 million pounds, compared with 21 million pounds in June, and was the smallest for the year thus far. Vacation periods and man-power shortages probably account in part for the July decline. Although Army requirements may be reduced, total consumption is expected to continue relatively large into 1944 with nonmilitary orders taking up most of the slack.

DAIRY PRODUCTS

A program of payments to help dairy farmers absorb increases above the September 1942 level of prices of dairy feeds, including hay, effective for the period October 1 through December 31, 1943, was recently announced by the War Food Administration. Rates of payments are higher in areas where the proportion of purchased feed is largest and feed costs have advanced most, and where the prices received for milk have advanced least since the period immediately preceding our entry into the war. Payments range between 30 and 50 cents per hundredweight for milk delivered as whole milk, with adjustments in areas where other programs for dairy producers now are in effect, and between 4 and 6 cents per pound of butterfat where cream is sold.

With the probable limited supplies of feed in deficit areas, the United States average production of milk per cow and total cow numbers needed to meet the 1944 suggested production of 122 billion pounds may be obtained by diverting a larger proportion of feed supplies to milk production than in 1943. Government payments to dairy producers will improve the ability of dairy farmers to purchase available feed this fall. If dairy farmers do not get a larger share of the feed supply in 1944 than in 1943, milk production may be only 116 billion pounds as compared with expected production of 118 billion pounds in 1943.

As the payment program provides a higher rate for milk sold as whole milk than for the milk equivalent of butterfat sold in cream, some further diversion from sales of farm-separated cream to sales of whole milk at wholesale may be expected. The diversion which may take place in certain

Midwestern States may fully offset the prospective decrease in production in Eastern, Southern and far Western feed deficit areas, so that total sales of whole milk at wholesale in 1944 may be at least as large as in 1943. Total milk production of only 116 billion pounds would mean lower butter and cheese production. Production of skim milk and other whole milk products, benefiting from the expected shift toward the marketing of whole milk, may be continued at 1943 levels. The Government has announced that it will be out of the butter market until April 1, except for butter previously set aside, so until that date the entire production of creamery butter will be available to civilians. Production for the next few months will be at the lowest point for the year, and total civilian supplies will be about the same as they have been during the months just past.

Civilian demand in 1944 probably will be sufficient to absorb all dairy products available at prices at least as high as the present ceiling level. A substantial noncivilian demand for dairy products also is expected to continue.

POULTRY AND EGGS

Supplies of eggs for civilians this fall and winter will be the largest on record for the period, but, relative to the unprecedented demand, supplies of some grades probably will continue somewhat short at ceiling prices. Recent actions by the War Food Administration will tend to increase civilian supplies of eggs for this fall over earlier prospects. The actions, as announced in early October, consist of (1) termination of FDO 40 which was designed to restrict the storage of shell eggs largely to governmental uses, and (2) cancellation of as much as 50 percent of forward contracts for dried egg calling for delivery to the Food Distribution Administration in November, December, and January. The latter is being carried out on a voluntary basis and therefore may not approach 50 percent of outstanding contracts. The backlog against drying contracts apparently is comprised mostly of frozen egg, ceilings for which apparently favor to some extent sales for drying under existing Government contracts over sales for other uses.

Production of eggs on farms during September was 9 percent larger than the previous record for that month set last year. The number of layers on farms is increasing seasonally at a level about 10 percent higher than a year ago. Flocks consist of a larger-than-usual proportion of pullets this year. In early October supplies of eggs in most wholesale markets were short of demand at ceiling prices, particularly for top-grade eggs. The average price received by farmers for eggs in mid-September was 41.6 cents per dozen compared with 38.8 cents in mid-August and 34.7 in September last year. Ceiling prices for eggs will reach the seasonal peak within the next few weeks.

Marketings of chickens are continuing to increase seasonally, and civilian supplies in the last quarter of this year will be the largest for any 3-month period in history. Prices of dressed birds are firm at ceiling levels but, because of labor shortages in dressing plants, prices of live birds have been a little below ceilings in recent weeks. The demand for baby chicks for commercial broiler production continues at unprecedented levels.

FRUIT

Fruit production in the United States in 1943-44 is expected to be about 10 percent smaller than a year earlier, although somewhat larger than the

10-year (1932-41) average. Production of all citrus fruit is expected to be about as large as the record 1942-43 crop. The early and mid-season orange and tangerine crops for 1943-44, the principal sources of orange supplies from October 1 to May 1, are expected to be 47 million boxes -- 13 percent more than in 1942-43. The 1943-44 grapefruit crop, exclusive of the California summer crop for harvest next year, is estimated at 47 million boxes -- 4 percent smaller than a year earlier. Production of eight major deciduous fruits is estimated to be 16 percent smaller than a year ago. The commercial apple crop is 30 percent below that of a year ago and the pear crop 23 percent below. The grape crop, on the other hand, is 16 percent above last year and constitutes a new record. A cranberry crop of 720,500 barrels is indicated for 1943, 92,700 fewer than in 1942 but 111,000 more than the average for 1932-41.

Total carlot shipments of all fruit the first week of October were about as large as a month earlier but considerably smaller than a year earlier. Shipments of apples, grapes, and cranberries increased greatly in volume during late September and early October, whereas shipments of peaches, plums and prunes, and citrus fruits decreased, and those of pears remained steady. A few cars of new-crop citrus fruit were shipped in early October.

Prices for most deciduous fruits during late September and early October were at levels ranging from 1-1/2 times to 2-1/2 times those of a year earlier. Wholesale prices for eastern Delicious and McIntosh apples at New York declined since mid-September and for the week ended October 2 averaged about 2-1/2 times the prices of a year earlier. Prices for Bartlett pears on the New York auction averaged about 20 percent higher in September 1943 than in September 1942. Recent prices for grapes and oranges have been at ceiling levels.

Maximum prices for apples were established effective October 7 by the Office of Price Administration (Amendment 9 to MPR 426). F.o.b. shipping point maximum prices are provided in seven principal apple-producing States -- New York, Pennsylvania, Virginia, West Virginia, Washington, Oregon, and Idaho -- and, on the basis of these prices, delivered prices at terminal markets or wholesale receiving points are set by zones. Prices will vary by location and month but not by type, grade, or size of apple. Typical of the f.o.b. shipping point maximum prices for apples in containers ordinarily used in the West are $2.53 per 44-pound container for October and $2.70 for November. Typical prices for apples in containers ordinarily used in the East are $2.76 per 48-pound container in October and $2.94 in November.

Despite a short crop of apples and maximum prices that do not differentiate by type, grade, and size of apple, about the same quality of apples will be marketed for fresh consumption as in previous years. On October 1, the War Food Administration issued Food Distribution Order 83, which provides that beginning October 4 no person shall sell or deliver, except to authorized processors, the lower grades of apples produced in or shipped into certain counties in New York, Pennsylvania, Maryland, Virginia, West Virginia, Washington, Oregon, and California. This means that apples less than 2-1/4 inches in diameter or which do not qualify as Fancy or higher grades in certain counties of California, Oregon, or Washington or as U. S. No. 1 or higher grades in other affected areas are to be converted into various products such as canned apples, applesauce, apple butter, cider, jelly, dried apples, and the like, in an effort to assure adequate supplies of such products.

TRUCK CROPS

Truck Crops for Fresh Market Shipment

Production of commercial truck crops for fresh market shipment is expected to be about 9 percent smaller this season than last although about average. Snap bean, carrot, kale, and tomato crops in 1943 have exceeded last year's, but other truck crops have been smaller. Late summer and fall production more nearly approached 1942 levels than did spring and early summer production. Prospects for this month indicate fresh market truck crops in the aggregate about 4 percent smaller than last October. The larger lima bean, carrot, tomato, cucumber, green pea, lettuce, and beet crops in prospect for October compared with last year probably will be more than offset by smaller snap bean, cauliflower, onion, cabbage, spinach, and green pepper crops.

Carlot shipments of truck crops the latter part of September and early October were larger this season than last, primarily because of unusually heavy early movement of the "late" cabbage and onion crops. Marketings of cabbage, carrots, and lettuce are expected to continue in heavy volume the next few weeks, and marketings of tomatoes, snap beans, cauliflower, celery, beets, and spinach in moderate volume. Shipments of onions the latter part of this month probably will decline from the early October level.

Plantings or intended plantings of cabbage, cauliflower, and kale for the 1944 winter season are reported to be 41 percent, 23 percent, and 12 percent larger, respectively, than winter plantings for 1943. Largest increases in cabbage are expected in Texas and Florida, and the increase in cauliflower mainly in California. Reported plantings of winter season shallots and artichokes are 8 percent and 11 percent smaller, respectively, for 1944 than for 1943.

Following the normal seasonal trend, prices for most fresh market vegetables advanced during September. Wholesale prices on the New York market for the week ended October 2, compared with the week ended September 4, were substantially higher for lima beans, snap beans, cucumbers, green peas, and tomatoes. They were lower for beets and celery. Lettuce, cabbage, and onions continue to sell at ceiling or near-ceiling levels.

Truck Crops for Processing

The aggregate tonnage of eight important vegetables for processing is indicated to be about 9 percent smaller this season than last but 59 percent above the 10-year (1932-41) average. The snap bean and beet processing crops are expected to be about 3 percent and 4 percent larger, respectively, than in 1942. Other processing crops are indicated to be smaller than those of last season by the following percentages: Green lima beans, 11 percent; cabbage for kraut, 18 percent; sweet corn, 6 percent; green peas, 4 percent; California and Georgia pimientos, 27 percent; and tomatoes, 12 percent. Yields for all processing crops are lower this year than last. To assist packers in obtaining cabbage for processing as kraut, the War Food Administration and Office of Price Administration jointly have announced that price ceilings for kraut

this season will be based on the actual cost of the raw product to the processors, up to a maximum of $22 per ton.

POTATOES AND SWEETPOTATOES

A record large potato crop is being harvested in the United States this year. Production on the basis of October 1 conditions is indicated to be 470 million bushels -- a crop 27 percent larger than that of last year and 29 percent above the 10-year (1932-41) average of 363 million bushels. The quality of the potatoes is exceptionally good in the surplus late States, which provide most of the marketings during fall, winter, and early spring.

Prices for potatoes continue intermediate between support and ceiling levels. In Maine recent f.o.b. prices were about half way between support and ceiling prices whereas in other important commercial areas they were nearer the ceiling. Ceiling prices for October range from $2.05 to $2.60 per 100 pounds, U. S. No. 1 grade of all varieties of potatoes, sacked and loaded on carrier at country shipping point.

Because of relatively favorable growing conditions during September, prospects on October 1 were for a sweetpotato crop 3 million bushels larger than indicated a month earlier -- or a total of 75 million bushels. Such a crop would be 14 percent larger than that of 1942 and 8 percent above average.

Prices for sweetpotatoes declined seasonally during September as increasingly large quantities were marketed. Prices, however, continued well above support prices, which, for the months of September, October, and November, are $1.15 per bushel for U. S. No. 1 grade sweetpotatoes, packed in crates, baskets, or hampers, f.o.b. car or in storage warehouse.

DRY EDIBLE BEANS

The dry bean crop this year is indicated to be the largest on record -- approximately 22.8 million bags (100-pound bags, uncleaned) or 16 percent larger than the previous record crop of last year and 59 percent above the 10-year (1932-41) average. Production of all major bean varieties with the exception of the red kidney is expected to be substantially larger than in 1942. Largest increases are indicated for Great Northern and Pinto beans.

Stocks of dry beans September 1 were smaller this year than last. Such stocks this season were comprised of 265,000 bags (uncleaned) on farms and 1,883,000 bags (cleaned) in commercial storage but not in direct consumption channels. This compares with 540,000 bags on farms and 2,909,000 bags in commercial storage September 1, 1942. Increased production this season will more than offset the smaller carry-in stocks, and total supplies, therefore, will be larger.

Prices to growers will be somewhat higher this season than last because of the support-price program. Support prices range from $6.50 to $7.50 per 100 pounds, U. S. No. 1 grade, f.o.b. cars at country shipping points.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION[1]	FACTORY EMPLOYMENT[2]	FACTORY PAY ROLLS[2]	INCOME OF INDUSTRIAL WORKERS[3]	CASH INCOME FROM FARM MARKETINGS[4]	WHOLESALE PRICES OF ALL COMMODITIES[5]	RETAIL FOOD PRICES[6]	COST OF LIVING URBAN[7]	PRICES RECEIVED BY FARMERS[8]	PRICES PAID BY FARMERS[9]	PRICES PAID BY FARMERS, INTEREST AND TAXES[9]	RATIO OF PRICES RECEIVED TO PRICES PAID INCL. INTEREST AND TAXES
Base Period	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1910-14*	*1910-14*	*1910-14*	*1910-14*
1929	110	108	127	134	142	118	133	122	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	84	80	91	104	109	87	126	142	61
1932	58	68	54	58	59	80	86	98	65	108	124	52
1933	69	75	58	61	67	82	84	92	70	108	120	58
1934	75	88	74	76	79	93	94	96	90	122	129	70
1935	87	93	86	86	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	108	102	106	105	99	96	95	99	93	121	125	74
1940	123	110	122	119	105	98	97	100	98	122	126	78
1941	156	135	178	169	141	108	105	105	122	131	133	92
1942	181	155	258	238	188	123	124	116	157	152	151	104
1942-												
Sept.	187	163	279	256	208	124	127	118	163	154	153	107
Oct.	191	164	288	262	211	124	130	119	169	155	154	110
Nov.	195	165	298	271	224	124	131	120	169	156	155	109
Dec.	197	168	306	278	226	125	133	120	178	158	156	114
1943-												
Jan.	199	168	310	281	224	126	133	121	182	160	157	116
Feb.	202	170	316	287	240	127	134	121	178	162	159	112
Mar.	202	171	324	295	260	128	137	123	182	163	160	114
Apr.	203	171	330	300	261	129	141	124	185	165	162	114
May	203	171	334	302	258	129	143	125	187	167	163	115
June	202	172	338	304	256	129	142	124	190	168	164	116
July	203	173	335	306	256	128	139	124	188	169	165	114
Aug.[10]	203	174	343	311	266	128	137	123	193	169	165	117
Sept.[10]	--	--	--	--	--	128	--	--	193	169	165	117

[1]Federal Reserve Board, adjusted for seasonal variation.

[2]Based on Bureau of Labor Statistics data. Seasonal fluctuations in factory employment and pay rolls appear to have been largely eliminated since the United States entered the war; accordingly, no adjustments for seasonal variation have been made since December 1941.

[3]Includes factory, railroad, and mining employees. Adjusted for seasonal variation.

[4]Adjusted for seasonal variation.

[5]Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

[6]Bureau of Labor Statistics.

[7]Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

[8]August 1909-July 1914 = 100.

[9]Annual figures are straight averages of 12 monthly indexes, 1923-41. Revised July 1943.

[10]Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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